

**CITY OF LAKE STEVENS**  
**CITY COUNCIL WORKSHOP/SPECIAL MEETING MINUTES**  
Tuesday, March 30, 2021  
By Remote Participation via Zoom

CALL TO ORDER: 6:00 p.m. by Mayor Brett Gailey

ELECTED OFFICIALS PRESENT: Mayor Brett Gailey, Councilmembers Kim Daughtry, Gary Petershagen, Shawn Frederick, Mary Dickinson, Marcus Tageant and Steve Ewing

ELECTED OFFICIALS ABSENT: Councilmember Anji Jorstad

STAFF MEMBERS PRESENT: City Administrator Gene Brazel, Finance Director Barb Stevens, Community Development Director Russ Wright, Public Works Director Eric Durpos, Police Chief John Dyer, Human Resources Director Anya Warrington, City Clerk Kelly Chelin and Senior Planner David Levitan

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**Call to Order:**

The Mayor called the meeting to order at 6:00 p.m.

**Pledge of Allegiance:**

Mayor Gailey led the Pledge of Allegiance.

**Roll Call**

All Councilmembers were present except Councilmember Jorstad.

**MOTION.** Councilmember Ewing made a motion, seconded by Councilmember Frederick, to excuse Councilmember Jorstad. The motion passed 7-0-0-0.

**Approval of the Agenda**

**MOTION.** Councilmember Petershagen made a motion, seconded by Councilmember Frederick, to add public comments to the agenda. The motion passed 6-0-0-1.

**Public Comments**

**Doug Warren.** Mr. Warren stated he was in support of the new partnership that the food bank will have with Volunteers of America.

**Tom Matlack, Lake Stevens.** Mr. Matlack spoke to the marijuana buffers.

**Discussion Items/Possible Action:**

**Resolution 2021-09 in Support of the 2021 Transportation Package**

Director Wright stated that the impacts of COVID-19 are still being felt by local communities with long-term economy recovery uncertain. The pandemic has exacerbated funding gaps for transportation. State transportation revenue streams including gas taxes, tolls, and fees for transit agencies and the ferry system have decreased over the last year with an estimated shortfall of \$758 million for the next three years. The significant backlog of deferred maintenance projects threatens the reliability and safety of Washington's transportation system. WSDOT estimates that maintenance cost to preserve the state transportation system is \$8.1

billion over the next 10 years. The state also faces an additional \$3.3 billion in costs to remove fish-passage barriers by 2030.

In Lake Stevens, the city supports projects of regional significance such as the US-2 Trestle and completing culvert replacements for salmon recovery and bridge replacements for freight and vehicle safety. The city has requested funds to help with intersection improvements that continue moving the downtown project forward and the extension of multimodal facilities including the South Lake Stevens Multiuse Path.

As the legislature looks to finalize its capital budget, it is imperative that the legislature looks at all reasonable options to fund transportation projects throughout the region. A comprehensive statewide infrastructure package is needed to address these challenges; support job creation and recovery; put people to work; move people and goods more efficiently; ensure mobility for our essential workers; enhance mobility and multi-modal options; and improve our state and local economy and quality of life.

The resolution before the City Council is to support a comprehensive 2021 state transportation funding package, in line with the city's legislative priorities, that will address ongoing capacity, mobility, and multi-modal investment needs across the region's transportation system.

Council and staff engaged in a discussion.

MOTION. Councilmember Daughtry made a motion, seconded by Councilmember Dickinson, to approve Resolution 2021-09 in Support of the 2021 Transportation Package. The motion passed 6-0-0-1.

#### Termination of Food Bank Lease

Director Wright explained that the City of Lake Stevens has been working in partnership with the Lake Stevens Food Bank for years, with the City providing space for storage at Eagle Ridge park, assisting in acquiring state grant funding and sale of property designated for the future food bank location.

In February 2019, the City executed a purchase and sale agreement to sell property near 79th Ave SE and 20th Street SE for the future home of the Lake Stevens Food Bank. The City sold the property below market value for the public benefit of having a central location for the Food Bank and in consideration of retaining space for community social services or other public purpose.

In April 2019, the City and the Food Bank executed a lease agreement that memorialized the partnership between the parties and granted the City use of approximately 1,734 for office space and shared site amenities (e.g., restroom, kitchen and meeting room) for human services programming and also provided an option of first right of refusal to purchase the property. This agreement makes the Food Bank responsible for internal and external building maintenance and repair. The City would be responsible for the parking lot and landscape maintenance. Utility costs would be shared.

At this point, the City and the Food Bank desire to terminate the lease agreement. The Food Bank has been working with the Volunteers of America (VOA) to fulfill the need for human services programming at this location. This group would be a more efficient partner for the Food Bank to lease to, rather than the City subletting or contracting with other groups to provide

social services. The City will have no further maintenance or utility obligations but would retain all rights from the purchase and sale agreement.

Council and staff discussed the termination.

**MOTION.** Councilmember Daughtry made a motion, seconded by Councilmember Frederick, to terminate the lease agreement with the Lake Stevens Food Bank and authorize the Mayor or designee to finalize the agreement language. The motion passed 6-0-0-1.

#### Ordinance 1117 Marijuana Business License Fees

Director Wright and Senior Planner Levitan explained that at the March 16, 2021 workshop, City Council was briefed on proposed revisions to the city's business license code that would allow the city to impose a regulatory business license fee for state licensed marijuana businesses based on gross square footage of the facility. This fee would apply to producers and processors. A special business license fee is proposed for several reasons.

1. Since marijuana and cannabis production was legalized in Washington State, local communities have not received proportionate compensation from these businesses to address public health and safety issues that have resulted from their establishment such as increased nuisance complaints, police calls and code enforcement issues disproportionate to other business classifications licensed in the city.
2. Marijuana processing facilities are land intensive but add fewer jobs than other types of industrial uses, which limits the city's ability to meet growth targets for job production.
3. Marijuana facilities in Lake Stevens are in direct proximity to the Centennial Trail, a regional tourist draw for the city and county, which has the potential to discourage trail users from visiting and shopping in Lake Stevens and may affect economic development and investment in these industrial areas.

The city proposes to collect local fees and set these aside in a separate fund for the payment of costs and expenditures associated with complaints concerning nuisance odors, code violations and the safety of persons using the Centennial Trail, In addition this fund would be used for capital infrastructure improvements that promote economic development and diversification of uses in the city's industrial areas.

Council and staff engaged in a lengthy discussion.

#### Proposed Amendments to Marijuana Facility Buffers (LSMC 14.44.097)

Director Wright and Senior Planner Levitan explained that marijuana facilities authorized under I-502 are permitted in the Light Industrial (LI) and General Industrial (GI) zones located in the northeast corner of the city. These facilities require an administrative conditional use permit for production and processing. The city has adopted standard buffer requirements per RCW 69.50.331(8) into LSMC 14.44.097, which requires licensed marijuana producers, processors and retailers to be located at least 1,000 feet away from uses such as schools, playgrounds, parks, libraries, and childcare centers. This distance is measured as the shortest straight-line distance from the property line of the proposed marijuana facility to the property line of the second property.

On January 6, staff introduced a citizen-initiated land use code amendment to the Planning Commission that would reduce the required buffer between marijuana processors and child-care centers from 1,000 feet to 225 feet, which is permitted under RCW 69.50.331(8)(b). The proposed amendment would require that the distance between the entrance of the child-care center and the processing facility, as measured by the most direct route over and across public streets or sidewalks, remain 1,000 feet. The processing facility could not include a retail component and the required buffer for all other protected uses would remain 1,000 feet. The separation to production (grow) facilities would also not change, and the maximum space allotted to grow facilities would remain at 70,000 square feet.

The Planning Commission held work sessions on January 6, January 20 and February 17, 2021. Several commissioners raised questions and concerns about reducing the buffer distance based on existing marijuana odor issues. The applicant's representative has indicated that there is a distinction between the potential odor emanating from a grow facility versus a processing facility where there is a greater potential for odor from grow facilities. The applicant also provided documentation on the licensing and buffer requirements for alcohol and tobacco uses, which are included in Attachment 2, as well as the proximity of existing alcohol and tobacco retail stores to existing childcare centers. As a comparison, the Liquor and Cannabis Board requires notice be given to public institutions within 500 feet of the location of a proposed liquor license, and that the board may not issue a license to locations within 500-feet of a tax supported public school measured across the most direct route via public rights-of-way.

As outlined in the city's proposal to impose a licensing fee for marijuana facilities, processing facilities along with grow and retailers would be subject to a fee to help mitigate issues related to odor or other nuisance activities. Incentivizing processing over production would result in a use that involves a higher employment density than a grow facility with reduced public nuisance impacts related to odor.

Note: Councilmember Ewing left the meeting at 6:45 p.m.

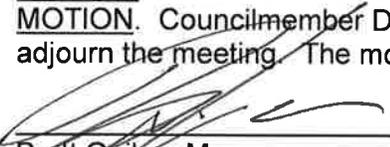
Council and Staff engaged in a discussion. This agenda item and the Cannabis Fee will come back to a future meeting.

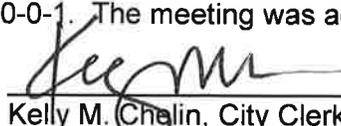
#### 2020 Yearend Financial Report

Director Stevens presented the yearend financial report to the Council. The City ended the year with a fund balance of \$30,473,989. Revenues were at \$48,919,072 and expenses were at \$53,501,053. The General Fund ended December 2020 with a fund balance of \$5,283,237. Revenues were at \$15,131,999 and expenses were at \$14,090,602. Director Stevens reviewed each of the funds with the Council.

#### Adjourn:

MOTION. Councilmember Daughtry made a motion, seconded by Councilmember Frederick, to adjourn the meeting. The motion passed 6-0-0-1. The meeting was adjourned at 7:22 p.m.

  
Brett Gailey, Mayor

  
Kelly M. Chalin, City Clerk